

Message Text

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ACTION EUR-12

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UNCLAS EC BRUSSELS 10302

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EX EXPORT SUBSIDIES FOR BARLEY AND MALT

REF: STATE 256807

1. DEPARTMENT IS CORRECT IN THAT REGULATION NO. 1281/75 DOES NOT LINK THE LEVEL OF CORRECTIVE AMOUNTS WITH LEVIES, BUT IT DOES GIVE THE COMMISSION WIDE DISCRETION IN SETTING THESE AMOUNTS. THE PREAMBLE OF THAT REGULATION STATES, AMONG OTHER THINGS, THAT THE OBJECT OF APPLYING A CORRECTIVE IS TO INCREASE OR DECREASE THE REFUND, AND THAT THE CORRECTIVE SHOULD BE CONSIDERED TO BE PART OF THE REFUND. SUB- PARAS 3 (A) AND (D) OF ARTICLE 2 OF THAT REGULATION GIVE THE COMMISSION EVEN MORE LEEWAY IN FIXING THE CORRECTIVE AMOUNTS BY TAKING INTO ACCOUNT "FORESEEABLE DEVELOPMENTS ON THE WORLD MARKET" AND "THE ECONOMIC ASPECT OF EXPORTS".

2. THUS, OUR COMMISSION SOURCE EXPLAINED THAT, HAD THE BARLEY THRESHOLD PRICE IN EFFECT DURING THE LAST MONTH OF THE PRECEDING MARKETING YEAR BEEN USED TO CALCULATE THE IMPORT LEVY ON WHICH THE EXPORT SUBSIDY IS BASED (ARTICLE 6, PARA 2 OF COUNCIL REGULATION 1052/68), THE SUBSIDY WOULD

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NOT HAVE BEEN SUFFICIENTLY HIGH. THEREFORE, THE

COMMISSION DECIDED VIA THE MANAGEMENT COMMITTEE ROUTE TO APPLY A HIGH CORRECTIVE AMOUNT OUR SOURCE EXPLAINED THAT THE NEED TO BASE THE EXPORT SUBSIDY ON AN HISTORIC IMPORT LEVY BASE IS ONE OF THE WEAKNESSES OF THE SYSTEM.

3. THE REASON FOR A LARGE GAP BETWEEN QUANTITIES OF MALT COVERED BY EXPORT CERTIFICATES AND QUANTITIES ACTUALLY EXPORTED IN 1973 AND 1974, IS SIMPLY THE WILLINGNESS OF EXPORTERS TO FORFEIT THE SURETY DEPOSIT IN ORDER TO RE-CONTRACT AT A HIGHER EXPORT SUBSIDY, WHICH WOULD COVER THE LOSS OF THE SURETY DEPOSIT AND STILL YIELD A SATISFACTORY PROFIT THUS, THE TOTAL QUANTITY LICENSED FOR EXPORT WOULD, IN EFFECT, BE LARGER THAN THAT ACTUALLY EXPORTED, BECAUSE IT WOULD SHOW THE CANCELLED CONTRACTS AND THE ONES ACTUALLY EXECUTED.
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